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Ask an Advisor: How can I help clients retire to, not from, something? (Part 2)
By Rob Burgess
August 5, 2024 5:22 PM

Welcome back to "Ask an Advisor," the advice column where real financial professionals answer questions from real people. The topic can be anything in the world of finance, from retirement to taxes to wealth management — or even advice on advising.

One secret of successful financial advisors is that their work with clients often extends beyond the financial realm. (Sometimes, in fact, the lines can even become a bit blurry in certain situations when what the client really needs is a therapist.)

Last week, we fielded a question from a wealth manager. He asked fellow advisors to weigh in on a few heavy questions regarding how best to assist clients who may be in danger of losing their identity and self-worth after retiring. Here's what he wrote:

Dear advisors,

What are the most common psychological challenges retirees face when transitioning from full-time work to retirement, and how can advisors help clients navigate these changes?

How do you address issues related to identity and purpose with clients who struggle to find meaning and fulfillment in retirement?

What strategies do you recommend for emotionally preparing clients for retirement, beyond the financial aspects?

Sincerely,

Zack Swad, president and wealth manager

Swad Wealth Management

Santa Rosa, California

His questions set off a tsunami of responses from financial professionals — far too much good advice for a single installment. In the first edition, advisors had a plethora of recommendations. Suggestions included making a list of activities that clients always wanted to try but never got around to, recreating the monthly paycheck even after their career has ended and actively avoiding the corporate

hustle in retirement. (Read Part 1 here.)

Without further ado, here is Part 2:

Help clients focus on fun
Ann M. Covington, financial advisor at CovingtonAlsina in Annapolis, Maryland

Clients face multiple challenges in retirement. Some feel a loss of identity. Many struggle with spending, but not with spending too much. Rather, we often see clients who are hesitant to enjoy their retirement year and spend their savings.

We use multiple strategies to help clients transition. First, we offer a workshop that has participants develop a list of things they want to learn or do (hobbies, interests, volunteer opportunities) as well as thinking about where they want to live in retirement. We help them find ways to develop social networks. Often, when you retire, you find most of your social interactions are through work, and you need to develop new friendships. For some clients, a more gradual transition is useful, where they phase out of work, either through part-time work with their current firm or consulting opportunities. Their financial plan shifts to spending over savings. And sometimes it comes down to pushing them to upgrade their travel plans or book a trip they've mentioned.

But help them realize they can’t golf all day, every day
Jon McCardle, president of Summit Financial Group in Lafayette, Indiana

Approximately 12 months before retirement, we initiate active discussions with our clients about their hobbies, interests and activities outside of work. This early engagement is crucial as it helps clients begin to focus on these interests, ultimately aiming to design a retirement life that is both fulfilling and purposeful.

We encourage clients to explore their passions deeply. This phase involves not only identifying interests but also setting challenging tasks and homework to delve into these activities. By doing so, we help them build a foundation for an active and engaging retirement.

One of the key exercises we conduct is helping clients visualize their daily lives without the eight- to 12-hour workday. This exercise often reveals that solely focusing on hobbies might not suffice to fill their days meaningfully. For example, it's unrealistic to assume one can play golf or go fishing for eight hours every day, seven days a week.

We also address practical matters like the "honey-do" list, encouraging clients to think about what happens once they've completed these tasks within the first six months. This realization often prompts them to expand their activities and consider more community involvement.

Finally, we emphasize that retirement is not an end but a new chapter in life. Retirees have the freedom to choose what they do and when they do it, without

the paycheck being the primary motivator. This concept, though seemingly straightforward, often brings about an eye-opening response from our clients. Many realize they haven't truly considered this perspective.

We revisit their childhood dreams and aspirations — things they wanted to pursue but never had the chance to. We also explore opportunities for them to leverage their extensive experience in giving back to the community. Programs like Junior Achievement Mentoring can be incredibly rewarding and valued by the community, offering a sense of purpose that extends beyond personal gratification.

Finding identity, avoiding isolation
Lisa A.K. Kirchenbauer, founding partner and senior advisor at Omega Wealth Management in Arlington, Virginia

As certified financial transitionists, we focus on the personal considerations of transitions such as retirement. One of the most critical, especially for me, is "loss of identity." For many committed professionals, their entire identity is in their work or business. To walk away from that can be devastating and lead to depression and worse.

A better transition to retirement includes preparing for the psychological changes and building a life of meaning outside work. Related but different is the loss of a social network. We spend most of our working lives with our co-workers. Without an outside social network, retirement can be incredibly isolating. Again, intentional work in advance of retirement can help. While the financial considerations may seem to be the most important consideration in preparing for retirement, without meaning and purpose the money becomes rather useless and unimportant.

Get the creative juices flowing
Joanne E. Burke, a financial advisor at Birch Street Financial Advisors in Vienna, Virginia

I work with retirees and the common challenges I see are: They struggle with the shift in mental gears from accumulation to decumulation. They are confused and unsure about how they will get their "paycheck" and can be averse to drawing down their assets to do so.

I work with clients to help them explore ways to "retire to" something new and different, not "retire from" a long and stressful career. We use visualization tools to help them see the facets of their life such as family, health, finances, community and self-growth, to name a few, where they feel satisfied. This allows them to get the creative juice flowing to move into a "rewirement" phase.

Flip the script on old habits
Jamie Bosse, senior advisor at CGN Advisors in Manhattan, Kansas

When people transition into retirement, I see two big psychological developments:

1. Identity crisis: Many struggle with the question of "who am I now?" when they are leaving their profession for retirement. They've been identified as an "attorney" or an "engineer" for so long that they feel like they are losing part of who they are. When we plan for retirement with clients, we try to have discussions about what retirement will look like, not just how to fund it. We talk with them about how they will spend their time and structure their days and even suggest that they "sample" some of the activities they plan to do in retirement before they get there.

2. Going from saving to spending money: Many clients have been dutifully saving and investing money for several decades. When you flip the script from earning and saving to spending and depleting assets that is a big mind shift! We help clients set up a "paycheck system" from their investments so that it still feels similar to when they were working.

Nourishing and flourishing in a new chapter of life
Joseph Boughan, financial planner and president of Parkmount Financial Partners in Scituate, Maryland

Many, but not all, retirees often have grand ideas about retirement, only to find themselves facing a blank slate they need to fill with their plans and activities. During their careers, they are thrust into roles with significance and purpose, providing value even when aspects of their work life may be less than ideal. When the transition into retirement is not handled properly, retirees can feel they are missing the significance they once had and feel they may be relatively obscure, and unfortunately some fall prey to depression or addictions as a result of this. But, with proper management, this stage can lead to a flourishing new chapter that is better than anything before.

A key part of a fulfilling retirement is having a life plan. This plan should include specific activities that nourish the areas of life that consistently add to the quality of life: social connections with community, friends or family; health and wellness to stay active; and hobbies or personal interests that are stimulating. When people fill their time well, they often experience a smooth transition to their next chapter and a high quality of life.